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MINUTES OF THE SPRINGVILLE CITY WATER BOARD

Tuesday, September 8, 2015
6:30 a.m.
110 South Main Street
Springville, Utah 84663

ATTENDANCE

Councilmember
Richard Child

Secretary
Marcie Clark

Board Members
Alton Beck
Nile Hatch
Calvin Crandall - excused
Rollin Hotchkiss
Rod Andrew

City Staff
Brad Stapley – Public Works Director
Shawn Barker – Water Superintendent

The minutes from the August 11, 2015 meeting were reviewed. Mr. Beck made the motion to approve the minutes. Mr. Andrew seconded. All were in favor.

Mr. Stapley began talking about rates. He distributed handouts similar to last month's handouts, but with a few changes. The difficult thing we have to work on is City Council wants the Pressurized Irrigation (PI) rate to be less than the culinary water rate. Mr. Stapley drew an equation of $1,112 \text{ (users)} \times \$10/\text{mo.} \times 12 \text{ (months)} = \$133,440$. The total is what we need to talk about. If we charge two base rates, one for culinary and one for secondary, plus tiered rates for each, the total bill could be much more than if they had remained on culinary only. Mr. Hatch suggested that Mr. Stapley is adding the wrong things. We need to look at fees, not base rate. Mr. Hotchkiss mentioned that even though Springville received millions to build the system, it is still really expensive for secondary water. Mr. Beck suggested that once the secondary water is in use, the culinary water bill shouldn't be much more than the \$10 base rate. Mr. Andrew stated that somehow we need to neutralize it because all the residents are benefiting from having PI. Mr. Stapley referred to the handout Table V-11, Alternative Comparison of Capital Costs for Buildout. This shows that it is cheaper to have a partial secondary system, since you don't have to dig up existing infrastructure. One of the key things on the report is "Treating surface water for drinking water is more expensive than using well water". Springville doesn't treat water. We chlorinate it. Chlorination is not treating. The statement on the last page, "...only about 9,096 ac-ft of groundwater is available to extract per year whereas the No Secondary System alternative would require the extraction of an additional 14,813 ac-ft/yr." If we don't have at least a partial secondary water system, we will get into the higher treatment costs because we can't pull enough from the ground and we'll have to start treatment Strawberry water and Hobbie Creek water, at buildout.

We need to meet direction from the Council, but it is difficult when you have a base rate that is driving a lot of your costs. We could do an analysis to see what people use to take back to the Council. Mr. Hatch offered to look at the data and come up with an analysis. Mr. Stapley wants the Water Board to come up with the reasoning to send to Council. The culinary will probably have to supplement the secondary system because the secondary is saving the culinary money (we won't have to drill wells as soon). There is a benefit to everyone. Mr. Beck asked about the recommendation to raise the base rate to \$13.00. Mr. Stapley drew a diagram on the board to explain the rates for Power and Water (commercial). City Council looks at all the different rates. Springville Power charges about 27% more for power than any other community in Utah County. There is about a \$2 million dollar deficit for Water. City Council wants to bring the commercial power rates down. Mr. Hatch disagrees with the comparing Springville to other cities. The Power Department has too much surplus. The Water Department is scraping by. The budget is half a million short on revenues for 2016. Mr. Beck reminded everyone that the \$2 increase was to cover the deficit and it had nothing to do with secondary water. Secretary Clark asked if the increase was \$2.00 or \$1.00. Mr. Stapley checked the budget and it showed only \$1.00 increase.

October 13, 2015
Approved

1 Cl. Child doesn't think we should even be looking at Power costs when talking about Water fees. Mr. Beck talked
2 about what people see on their utility bill and they won't understand why rates went up. Cl. Child stated that every
3 other town has gone to PI, so it's nothing new. Mr. Hotchkiss suggested that maybe we need to look at another way
4 to structure the PI tiered rates.
5

6 Mr. Hatch questioned the annual revenue per household vs. the monthly costs to run the system. Mr. Stapley
7 explained that PI will also have tiered rates. He distributed another copy of the Secondary Water 11x17 spreadsheet
8 from last month. All other cities are billing a base rate year round. Spanish Fork and American Fork also charge a
9 tiered rate in addition to a base rate. Mr. Beck asked if those cities have done a comparison on their culinary vs.
10 secondary water use. Mr. Stapley doesn't have the billing data from other communities. It would be difficult to get.
11 Mr. Hatch mentioned that most residents don't know what they are paying, whether it is tiered rates or not. Mr.
12 Stapley suggested that we think of the right way to address our billing issues and meet the expectations of what the
13 Council is asking for. Mr. Beck discussed xeriscaping. Mr. Hatch would like to look at how much water the west
14 field residents use and what will PI do to their culinary usage. Mr. Barker should be able to figure out which meters
15 are in the west fields and get that information to Mr. Hatch. We need an analysis before we can come up with
16 anything.
17

18 Mr. Stapley asked the question again: "should the culinary system help the secondary?" Mr. Andrew asked if the two
19 systems can be billed together. Mr. Stapley didn't think the auditors would allow that. Mr. Hatch explained that as a
20 resident, he views the City making the investment to lower the future costs of development of culinary water
21 infrastructure and keeping the system as efficient as can be; not the culinary supporting the secondary. The hardest
22 part is understanding when buildout will happen. Mr. Stapley mentioned that the City was lucky to get the 9 million
23 dollar grant.
24

25 Mr. Hatch stated that we need to price water right. Power shouldn't be our issue. The way the Council is looking at
26 it is wrong. Mr. Andrew mentioned that he is also on the Power Board and this issue hasn't even come up. Mr.
27 Hatch talked about water being more insulated by each community and not being inter-connected like Power. Mr.
28 Stapley stated that it is becoming more inter-connected with Strawberry Water.
29

30 Mr. Hotchkiss feels like we're not very organized in coming up with a decision. We don't have the data to come up
31 with an answer. The philosophical question is "should the culinary water users help support the rest of the system
32 (secondary water system)?" Mr. Hatch stated that if we look at the 1,100 secondary water users save us from
33 building another well, then it's easy to make the comparison. Mr. Stapley said if we have to go to surface treatment,
34 we're in trouble, because we will double the cost of providing water.
35

36 Mr. Hotchkiss asked if the Water Board would support having the culinary water users support the secondary. Cl.
37 Child stated that for the first few years, it might have to be that way. There was brief discussion on politics and the
38 issues that City Council face when doing the budgets each year.
39

40 Mr. Stapley asked if Mr. Hatch could get data by next month's meeting. It will still take us two meetings to get what
41 we need to give a recommendation for a rate increase or whatever will cover the costs.
42

43 Mr. Hotchkiss asked Mr. Stapley if the City Council really understands the water issues. Mr. Stapley explained the
44 huge task the council has before them.
45

46 Mr. Hotchkiss asked if Mr. Hatch's presentation can be flexible enough to change the numbers.
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48 Mr. Hatch moved to adjourn. Mr. Beck seconded. All were in favor.
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50 **Adjourn** – This meeting adjourned at 7:28 a.m.
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